

Message Text

CONFIDENTIAL

PAGE 01 TUNIS 00061 01 OF 02 041155Z

11

ACTION NEA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 H-01 AGR-05 ABF-01 /076 W

----- 060360

R 041055Z JAN 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 7854

C O N F I D E N T I A L SECTION 1 OF 2 TUNIS 0061/1

E.O. 11652: GDS

TAGS: OVIP, EFIN, EAID, OPIC

SUBJ: MEETING WITH MINISTER AYARI: TUNISIAN

GOVERNMENT AGREES TO ESTABLISHMENT OF

AMERICAN BANK IN TUNISIA

1. SUMMARY: MINISTER OF PLANNING AYARI DISCUSSED UPCOMING VISIT TO U.S. WITH AMBASSADOR AND AID MISSION CHIEF. HE INDICATED HIS PARTY WILL INCLUDE, AMONG OTHERS, FOUR BANKERS. AYARI REVEALED GOT HAS DECIDED TO PERMIT AMERICAN BANK TO OPEN UP IN TUNISIA, AS STIMULUS TO U.S. INVESTMENT. HE WOULD OFFER CHASE MANHATTAN BANK THIS PRIVILEGE. END SUMMARY.

2. ON JANUARY 3 AMBASSADOR MET WITH MINISTER OF PLANNING AYARI, IN COMPANY OF USAID MISSION DIRECTOR JAMES, TO DISCUSS VARIOUS ASPECTS AYARI'S UPCOMING VISIT TO U.S. FOLLOWING ARE HIGHLIGHTS OF DISCUSSION.

3. MAKEUP OF DELEGATION. AYARI SAID THAT HE WOULD BE ACCOMPANIED BY FOLLOWING PERSONS:
RACHID BEN YEDDER, PRESIDENT DIRECTOR GENERAL, CREDIT FONCIER: ABDESSALEM BEN AYED, PRESIDENT DIRECTOR GENERAL, UNION BANCAIR POUR LE COMMERCE ET L'INDUSTRIE (UBCI):
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TUNIS 00061 01 OF 02 041155Z

HABIB GHENIM, PRESIDENT DIRECTOR GENERAL, SOCIETE TUNISIENNE

DE BANQUE (STB): MOKHTAR FAKHFAKH, DIRECTOR GENERAL ADJOINT, BANQUE DE DEVELOPPEMENT ECONOMIQUE DE TUNISIE (BDET): REPRESENTATIVE TEXTILE INDUSTRY: TWO MEMBERS OF THE MINISTRY OF PLAN, POSSIBLY HADJERI WAHID AND CHEF DE CABINET: KHALED CHAABOUNI, DIRECTOR GENERAL, AGENCE DE PROMOTION DES INVESTISSEMENTS: MOHAMED GHEDIRA, SECRETARY OF STATE FOR AGRICULTURE: MAHMOUD TRIKI, PRESIDENT DIRECTOR GENERAL, TUNIS AFRIQUE PRESS (TAP). AMONG OFFICIALS IN WASHINGTON WHOM AYARI SAID HE UNDERSTOOD HE WOULD BE SEEING ARE UNDERSECRETARY SISCO AND AID ADMINSTRATION PARKER. AYARI CONSIDERS IMPORTANT OBJECTIVE OF VISIT IS BRINGING TOGETHER TUNISIAN AND U.S. BANKERS IN "FAMILIARIZATION PROCESS". (THAT IS REASON FOR LARGE NUMBER OF BANKERS ON HIS DELEGATION.) I SAID I ASSUMED THAT HE WOULD ALSO BE SEEING KEY AMERICAN BUSINESSMEN WITH POTENTIAL TUNISIAN INVESTMENT INTERESTS. AYARI REPLIED THAT THIS WOULD INDEED BE THE CASE, IN TANDEM WITH HIS MEETINGS WITH THE BANKERS. AYARI SAID HE PLANS TO LEAVE WITH AMERICAN BANKERS AND BUSINESSMENT SURVEY REPORTS AND POSSIBLE PROJECT LISTINGS FOR THEIR ATTENTION.

4. AMERICAN BANK IN TUNISIA. AYARI SAID THAT AT LAST COUNCIL OF MINISTERS MEETING HE HAD PRESENTED "DOSSIER OF U.S.-TUNISIAN RELATIONS" FOR PURPOSE OF ARGUING CASE FOR ESTABLISHMENT OF AMERICAN BANK IN TUNISIA. COUNCIL OF MINISTERS HAD APPROVED HIS SUGGESTION UNDER FOLLOWING TERMS: (1) WHILE AMERICAN BANK COULD HOLD DEPOSITS, IT MUST ALSO ENGAGE IN INVESTMENT ACTIVITIES IN TUNISIA, PROVIDED MONEY IS BROUGHT IN FROM OUTSIDE FOR THIS PURPOSE: (2) BANK COULD BE CONSIDERED "NON-RESIDENT" IN SENSE THAT IT WOULD NOT RPT NOT BE BOUND BY TUNISIAN REGULATIONS, BUT RATHER WOULD ENJOY PRIVILEGES SIMILAR TO THOSE OF 1972 INVESTMENT PROMOTION CODE: (3) BANK WOULD NOT BE PERMITTED TO HOLD U.S. TREASURY-OWNED LOCAL CURRENCIES CURRENTLY ON DEPOSIT IN VARIOUS TUNISIAN BANKS. IN RESPONSE TO AMBASSADOR'S QUESTION, AYARI SAID THAT GOT HAD DECIDED TO FAVOR CHASE MANHATTAN BANK AS BEING "MOST EXPERIENCED" IN MIDDLE EAST. HE DID NOT FORECLOSE POSSIBILITY OF EVENTUAL ENTRY OF SECON AMERICAN BANK. HE SAID AMERICAN BANK IS TO WORK CLOSELY CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TUNIS 00061 01 OF 02 041155Z

NOT ONLY THE TUNISIAN GOVERNMENT BUT ALSO WITH ARAB BANKING INTERESTS AND HE BELIEVED THAT CHASE MANHATTAN HAD A PARTICULAR ADVANTAGE IN BEING ACCEPTABLE TO BOTH THE ARABS AND TO THE TUNISIANS. I CONGRATULATED AYARI ON THIS DEVELOPMENT, NOTING THAT IT COULD SERVE AS AN IMPETUS TO INCREASED AMERICAN INVESTMENT IN TUNISIA. AYARI SAID HE WOULD INFORM DAVID ROCKEFELLER OF GOT'S DECISION WHEN HE SEES HIM IN NEW YORK. (REQUEST DEPT KEEP THIS INFO CONFIDENTIAL UNTIL HE

HAS OPPORTUNITY TO DO SO.) AYARI EXPRESSED HOPE THAT CHASE, GIVEN ITS CONNECTIONS IN PURSIAN GULF, COULD FACILITATE TRIANGULAR INVESTMENT VENTURES IN TUNISIA.

5. U.S.-OWNED TUNISIAN DINARS. READING FROM PREPARED DOCUMENT, AYARI NOTED THAT SOME NINE MILLION DINARS OF LOCAL CURRENCY GENERATED BY PAST U.S. ECONOMIC ASSISTANCE PROGRAMS ARE ON DEPOSIT IN TUNISIAN BANKS AUGMENTED BY THREE MILLION DINARS IN ANNUAL INTEREST INCOME AND PRINCIPAL REPAYMENTS. HE SAID THAT GOT WOULD LIKE TO DISCUSS WITH US WAYS OF USING THIS MONEY, INCLUDING IN PARTICULAR: DEPOSITS IN GOT TREASURY, LOANS TO TUNISIAN BANKS, ASSISTANCE IN SOCIAL INVESTMENT (HOUSING), AGRICULTURAL CREDIT AND PROJECTED DEVELOPMENT OF THE HOSPITAL AT MONASTIR. I POINTED OUT TO AYARI THAT THESE FUNDS ARE FOR U.S. USE AND THAT U.S. AGENCIES IN WASHINGTON OBTAIN DOLLAR APPROPRIATIONS AUTHORIZING THEIR EXPENDITURE. I DESCRIBED PROCESS IN WASHINGTON UNDER WHICH CLAIMANTS DIVIDE UP THE "KITTY" WHICH BECOMES ANNUALLY AVAILABLE. I NOTED THAT THESE PROGRAMS ARE BENEFITTING TUNISIA AND THAT WE HAVE BEEN DISCUSSING WITH DCI AT THE FOREIGN MINISTRY A STANDARD MODEL AGREEMENT COVERING ALL PROGRAMS. WE WERE CONSTANTLY LOOKING FOR WAYS OF IMPROVING THESE ACTIVITIES AND OF ASSURING THAT THEY EFFECTIVELY CONTRIBUTE TO TUNISIA'S ECONOMIC DEVELOPMENT AS WELL AS BENEFIT US GRANTEES. I NOTED

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TUNIS 00061 02 OF 02 041139Z

20

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 AGR-05 ABF-01 L-02 H-01 /076 W

----- 060315

R 041055Z JAN 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 7855

C O N F I D E N T I A L SECTION 2 OF 2 TUNIS 0061

THAT THERE ARE OTHER LOCAL CURRENCY FUNDS, HOWEVER, AVAILABLE TO GOT. JAMES DESCRIBED THEM AS FOLLOWS: (1) THERE EXISTS A REVOLVING ACCOUNT AT BNT FOR AGRICULTURAL CREDIT TO SMALL FARMERS AVAILABLE IN SMALL TRANCHES AS REQUESTED; AND (2) THERE IS LOCAL CURRENCY GENERATED UNDER RECENT COMMODITY IMPORT LOAN (H-050), PART OF THE PROCEEDS OF WHICH COULD BE USED TO AUGMENT AGRICULTURE CREDIT AS AGREED UPON BY THE RESPONSIBLE GOT OFFICIALS (AGRICULTURE AND PLAN) AND USAID STAFF. IT WAS NOTED THAT EMBASSY AND USAID IN FY-76 FBS HAD RECOMMENDED TO WASHINGTON EARMARKING OF SUCH FUNDS TO HELP WITH DEVELOPMENT OF HOUSING FOR THE VERY POOR.

6. U.S. AID PROGRAM. AYARI ASKED FOR UPDATING ON OUR ECONOMIC ASSISTANCE PROGRAM IN ANTICIPATION OF HIS TALKS WITH AID OFFICIALS IN WASHINGTON. JAMES REVIEWED CURRENT PROGRAM, EMPHASIZING CURRENT EMPHASIS ON RURAL DEVELOPMENT. HE REFERRED TO RECENTLY COMPLETED DAP OUTLINE SENT TO WASHINGTON WHICH HAD OFFERED AN OPPORTUNITY FOR PROGRAM DISCUSSIONS WITH APPROPRIATE MINISTERIAL OFFICIALS, INCLUDING MINISTRY OF PLAN. HE SAID THAT MISSION WOULD BE LOOKING FOR NEW APPROACHES IN LIGHT OF TUNISIA'S IMPROVED ECONOMIC SITUATION. HE SAID INTER ALIA THAT CONSIDERATION IS BEING GIVEN TO EXPANDING CHENCHOU PROJECT THROUGH LOAN, AS PART OF RURAL DEVELOPMENT PROJECT IN THE SOUTH. JAMES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TUNIS 00061 02 OF 02 041139Z

STRESSED NEED FOR IMPROVED PREVENTIVE MEDICAL CARE IN TUNISIA AND INDICATED POSSIBLE AVAILABILITY OF AID PUBLIC HEALTH ASSISTANCE AT SFAX HOSPITAL. AYARI WELCOMED EMPHASIS ON RURAL DEVELOPMENT AND SAID THAT IT CORRESPONDED WITH TUNISIAN DEVELOPMENT PLANS FOR THE FUTURE. IN RESPONSE TO AYARI'S QUESTION RE RESUMPTION OF TITLE I ASSISTANCE, HE WAS TOLD THAT NO SUCH ASSISTANCE IS AVAILABLE DURING FISCAL 1975. SUCH TYPE ASSISTANCE IN FY-1976 WILL DEPEND ON BOTH AVAILABILITIES AND PRIORITIES. TUNISIA'S IMPROVED ECONOMIC AND FINANCIAL SITUATION GIVES IT A LOW PRIORITY IN THIS AREA. HOWEVER, I NOTED THAT SHOULD THE ECONOMIC SITUATION HERE TAKE A TURN FOR THE WORSE, USG WOULD OF COURSE BE PREPARED TO RECONSIDER TUNISIA'S CURRENT LOW PRIORITY FOR TITLE I ASSISTANCE.

7. BOURGUIBA HOSPITAL PROJECT. MENTIONING AMERICAN HOSPITAL PROJECT DESIRED BY PRESIDENT BOURGUIBA, AYARI EXPRESSED VIEW THAT GOT CANNOT FUND THIS PROJECT. I NOTED THAT PROJECT HOPE TEAM, WHICH HAD SPENT SEVERAL WEEKS HERE, HAD RETURNED TO U.S. IT IS IN PROCESS OF PREPARING FEASIBILITY STUDY. THIS STUDY, HOWEVER, WOULD NOT ADDRESS MATTER OF SOURCE OF FUNDING. IT SEEMS CLEAR THAT CONSTRUCTION COSTS WOULD HAVE TO BE FINANCED BY TUNISIAN

SIDE. ANY AMERICAN INPUT, PRIVATE OR OTHERWISE, WOULD PROBABLY BE LIMITED TO MEDICAL STAFFING AND ASSISTANCE IN FINANCING EQUIPMENT. AYARI MADE NO FURTHER COMMENT.

8. COMMENT: COUNCIL OF MINISTERS' DECISION TO ALLOW ESTABLISHMENT OF AMERICAN BANK IN TUNISIA IS SIGNIFICANT. IN COURSE OF LAST COUPLE OF YEARS I HAVE BEEN HAMMERING AWAY AT IMPORTANCE THIS WOULD HAVE IN ATTRACTING AMERICAN BUSINESS INVESTMENT INTO TUNISIA. RAISED SUBJECT WITH PRIME MINISTER YEAR AND HALF AGO AND HAVE DISCUSSED MATTER SEVERAL TIMES WITH AYARI, AS WELL AS WITH OTHER MINISTERS. WHEN IT BECAME CLEAR THAT A PRINCIPAL TUNISIAN OBJECTIVE WAS FEAR THAT U.S. TREASURY-OWNED DINARS ON DEPOSIT IN TUNISIAN BANKS WOULD BE SOPPED UP BY AN AMERICAN BANK, I HAD EXPRESSED VIEW TO AYARI THAT TRANSFER OF THESE FUNDS WOULD NOT RPT NOT NECESSARILY INTEREST AMERICAN BANKS AND THAT IN ANY CASE TUNISIANS COULD MAKE NON-TRANSFER CONDITIONS. IF GOT DECISION WOULD CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TUNIS 00061 02 OF 02 041139Z

NOT PERMIT CHASE ENGAGE IN DOMESTIC COMMERCIAL BANKING, WE BELIEVE THIS WOULD MAKE IT LESS ATTRACTIVE TO CHASE, WHICH HAD BEEN CONTEMPLATING MINORITY PARTICIPATION IN LOCAL COMMERCIAL BANK. IN ANY CASE, TIMING OF THIS TUNISIAN DECISION BEFORE AYARI VISIT TO U.S. AND IN ADVANCE OF DAVID ROCKEFELLER'S VISIT TO TUNISIA LATER THIS MONTH IS AUSPICIOUS.
SEELYE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, BANKS, MINISTERIAL VISITS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TUNIS00061
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750004-0604
From: TUNIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750177/aaaacpye.tel
Line Count: 255
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 AUG 2003 by CunninFX>; APPROVED <16 SEP 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING WITH MINISTER AYARI: TUNISIAN GOVERNMENT AGREES TO ESTABLISHMENT OF
TAGS: OVIP, EFIN, EAID, TS, US, OPIC, (AYARI, CHEDLI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006